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HOUSE BILL 1111

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Morris, Linville and B. Sullivan

Read first time 01/10/2007. Referred to Committee on Judiciary.

1            AN ACT Relating to the duties of corporate directors; and amending  
2            RCW 23B.08.300.

3            BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            **Sec. 1.** RCW 23B.08.300 and 1989 c 165 s 97 are each amended to  
5            read as follows:

6            (1) A director shall discharge the duties of a director, including  
7            duties as member of a committee:

8            (a) In good faith;

9            (b) With the care an ordinarily prudent person in a like position  
10           would exercise under similar circumstances; and

11           (c) In a manner the director reasonably believes to be in the best  
12           interests of the corporation.

13           (2) In determining the best interests of the corporation, a  
14           director, in addition to considering the interests of shareholders, may  
15           consider any of the following factors:

16           (a) The interest of the corporation's employees, customers,  
17           suppliers, and creditors;

18           (b) The economy of the state and the nation;

1        (c) Community and societal considerations, including, without  
2 limitation, the impact of any action upon the communities in or near  
3 which the corporation has offices or operations; and

4        (d) The long-term as well as short-term interests of the  
5 corporation and its shareholders, including without limitation, the  
6 possibility that these interests may be best served by the continued  
7 independence of the corporation.

8        (3) In discharging the duties of a director, a director is entitled  
9 to rely on information, opinions, reports, or statements, including  
10 financial statements and other financial data, if prepared or presented  
11 by:

12        (a) One or more officers or employees of the corporation whom the  
13 director reasonably believes to be reliable and competent in the  
14 matters presented;

15        (b) Legal counsel, public accountants, or other persons as to  
16 matters the director reasonably believes are within the person's  
17 professional or expert competence; or

18        (c) A committee of the board of directors of which the director is  
19 not a member if the director reasonably believes the committee merits  
20 confidence.

21        ~~((3))~~ (4) A director is not acting in good faith if the director  
22 has knowledge concerning the matter in question that makes reliance  
23 otherwise permitted by subsection ~~((2))~~ (3) of this section  
24 unwarranted.

25        ~~((4))~~ (5) A director is not liable for any action taken as a  
26 director, or any failure to take any action, if the director performed  
27 the duties of the director's office in compliance with this section.

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